



UNITED
NATIONS



Framework Convention
on Climate Change

Distr.
GENERAL

FCCC/SBSTA/2002/INF.3
27 May 2002

ENGLISH ONLY

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Sixteenth session
Bonn, 5-14 June 2002
Item 4 (b) of the provisional agenda

METHODOLOGICAL ISSUES

GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL

Pending parts of the guidelines under Articles 7 and 8

Note by the secretariat

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I. INTRODUCTION

A. Mandate

1. The Conference of the Parties (COP), in its decision 22/CP.7, requested the Subsidiary Body for Scientific and Technological Advice (SBSTA), at its sixteenth session, to elaborate further the sections on information on assigned amounts and information on national registries contained in the appendix to that decision. In so doing, the SBSTA should take into account the decision of the COP on modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol (decision 19/CP.7). The SBSTA should elaborate these sections with a view to recommending to the COP, at its eighth session, a decision incorporating these sections in the guidelines for the preparation of the information required under Article 7 (FCCC/CP/2001/13/Add.3, decision 22/CP.7, para. 3).

2. The COP, in its decision 23/CP.7, also requested the SBSTA, at its sixteenth session, to elaborate further part III (Review of information on assigned amounts) and part V (Review of national registries) of the guidelines for review under Article 8 of the Kyoto Protocol, as contained in appendix I to that decision, and any additional issues decided upon by the SBSTA. In so doing, the SBSTA should take into account the decision of the COP on modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol (decision 19/CP.7). The SBSTA should elaborate the above-mentioned sections with a view to recommending to the COP, at its eighth session, a decision incorporating these sections in the guidelines for review under Article 8 of the Kyoto Protocol (FCCC/CP/2001/13/Add.3, decision 23/CP.7, para. 13).

B. Background

3. During the negotiations leading up to the seventh session of the COP, it was recognized that the finalization of the guidelines under Articles 7 and 8 of the Kyoto Protocol depended on the outcome of the discussions on other provisions of the Kyoto Protocol, such as compliance, mechanisms, and modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol. The completion of the negotiations on some of these issues, such as compliance, prior to the close of the seventh session of the COP enabled the incorporation of relevant sections into the guidelines under Articles 7 and 8 reflecting the agreement of Parties on these issues. The negotiations on the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol, however, came to a conclusion during the closing stages of the seventh session of the COP. Due to time limitations, it was not possible during this session to ensure consistency between the guidelines under Articles 7 and 8 and the modalities for the accounting of assigned amounts under Article 7, paragraph 4. For this reason, the COP decided to defer consideration of some parts of the guidelines under Articles 7 and 8 to its eighth session, as mentioned in paragraphs 1 and 2 above.

C. Scope of the note

4. In preparing for the sixteenth session of the SBSTA, the secretariat examined whether the pending sections of the guidelines under Articles 7 and 8¹ on reporting and review of assigned amount information and national registries, as contained in the appendices to decisions 22/CP.7 and 23/CP.7, are consistent with other decisions taken by the COP at its seventh session, in particular its decision 19/CP.7 on modalities for the accounting of assigned amounts under Article 7, paragraph 4. This document provides the results of this consistency check. The appendix to this document contains a proposal for a draft COP decision and the full revised text which could be incorporated into the text of the guidelines under Articles 7 and 8.

¹ Other pending parts of these guidelines, such as the review for the reinstatement of eligibility, are not included in this document.

D. Possible action by the SBSTA

5. Parties may wish to consider this information in their deliberations on the pending sections on reporting and review of assigned amount information and national registries of the guidelines under Articles 7 and 8 of the Kyoto Protocol, with a view to recommending a decision on this issue for adoption by the COP at its eighth session.

II. COMPARISON

6. Comparing the pending sections of the guidelines under Articles 7 and 8 of the Kyoto Protocol on reporting and review of assigned amount information and national registries (appendices to decisions 22/CP.7 and 23/CP.7, document FCCC/CP/2001/13/Add.3) with other decisions adopted by the COP at its seventh session, in particular its decision 19/CP.7 on modalities for the accounting of assigned amounts under Article 7, paragraph 4, it was found that only minor modifications have to be made to ensure overall consistency among different decisions. These changes are listed below.

7. Decision 22/CP.7, appendix, paragraph 1 (FCCC/CP/2001/13/Add.3): for consistency with the text of the modalities for the accounting of assigned amounts under Article 7, paragraph 4 (FCCC/CP/2001/13/Add.2, para. 47), add after subparagraph (b):

(c) *The total quantity of ERUs issued on the basis of Article 6 projects;*²

8. Decision 23/CP.7, Appendix I (FCCC/CP/2001/13/Add.3): for consistency with other parts of the guidelines for review under Article 8, replace paragraphs 2 and 3 by the following:

2. *The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs, shall take place in two parts:*

(a) *A thorough review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, as part of the review prior to the commitment period and its in-country visit;*

(b) *A desk or centralized review of the information reported in accordance with section I.E, "Information on emission reduction units, certified emission reductions, assigned amount units and removal units", of the guidelines for the preparation of information under Article 7 (decision 22/CP.7), conducted in conjunction with the annual inventory review.*³

9. Other minor changes of an editorial nature and relating to references to decisions are not listed here.

² The proposed changes can be found in page 5 of this document.

³ The proposed changes can be found in page 8 of this document.

Annex

Proposal of draft decision -/CP.8⁴

Additional sections to be incorporated in the guidelines for the preparation of the information required under Article 7, and in the guidelines for the review of information under Article 8, of the Kyoto Protocol

The Conference of the Parties,

Recalling its decisions 19/CP.7, 22/CP.7 and 23/CP.7,

Noting the relevant provisions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its Articles 7 and 8,

1. *Decides* to incorporate:

(a) In the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, the section on "Information on emission reduction units, certified emission reductions, assigned amount units and removal units", as contained in annex I to this decision;⁵

(b) In the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, the section on "National registries", as contained in annex I to this decision;⁶

(c) In the guidelines for review under Article 8 of the Kyoto Protocol, the section on "Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units", as contained in annex II to this decision;⁷

(d) In the guidelines for review under Article 8 of the Kyoto Protocol, the section on "Review of national registries", as contained in annex II to this decision.⁸

2. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the annexes to this decision in conjunction with the draft decisions -/CMP.1 (Article 7) and -/CMP.1 (Article 8) in accordance with decisions 22/CP.7 and 23/CP.7.

⁴ This draft decision may have to be modified to include provisions for the incorporation of other outstanding parts of the guidelines, such as the review for the reinstatement of eligibility to use mechanisms.

⁵ This section will be incorporated in section "E. Information on emission reduction units, certified emission reductions, assigned amount units and removal units" (Decision, 22/CP.7, annex to the draft CMP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

⁶ This section will be incorporated in section "E. National Registries" (Decision, 22/CP.7, annex to the draft CMP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

⁷ This section will be incorporated in "Part III Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units" (Decision 23/CP.7, annex to the draft CMP decision on guidelines for review under Article 8 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

⁸ This section will be incorporated in "Part V: Review of National registries" (Decision 23/CP.7, Annex to the draft CMP decision on guidelines for review under Article 8 of the Kyoto Protocol, FCCC/CP/2001/13/Add.3).

ANNEX I

**I. REPORTING OF SUPPLEMENTARY INFORMATION UNDER
ARTICLE 7, PARAGRAPH 1****Information on emission reduction units, certified emission reductions,
assigned amount units and removal units**

1. Each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol shall report, in a standard electronic format, the following information on emission reduction units (ERUs), certified emission reductions (CERs), assigned amount units (AAUs) and removal units (RMUs)⁹ from its national registry, for the previous calendar year (defined according to Greenwich Mean Time) distinguishing between units valid for different commitment periods:

- (a) The total quantity of ERUs, CERs, AAUs and RMUs in each account at the beginning of the year;
- (b) The total quantity of AAUs issued on the basis of the assigned amount pursuant to Article 3, paragraphs 7 and 8;
- (c) The total quantity of ERUs issued on the basis of Article 6 projects;
- (d) The total quantity of ERUs, CERs, AAUs and RMUs acquired from other registries and the identity of the transferring accounts and registries;
- (e) The total quantity of RMUs issued on the basis of each activity under Article 3, paragraphs 3 and 4;
- (f) The total quantity of ERUs, CERs, AAUs and RMUs transferred to other registries and the identity of the acquiring accounts and registries;
- (g) The total quantity of ERUs, CERs, AAUs and RMUs cancelled on the basis of activities under Article 3, paragraphs 3 and 4;
- (h) The total quantity of ERUs, CERs, AAUs and RMUs cancelled following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;
- (i) The total quantity of other ERUs, CERs, AAUs and RMUs cancelled;
- (j) The total quantity of ERUs, CERs, AAUs and RMUs retired;
- (k) The total quantity of ERUs, CERs and AAUs carried over from the previous commitment period;
- (l) The total quantity of ERUs, CERs, AAUs and RMUs in each account at the end of the year.

2. Each Party included in Annex I shall report a calculation of its commitment period reserve at the end of the year calculated in accordance with the annex to decision -/CMP.1 (Article 17).

⁹ As defined in paragraphs 1-4 of the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts under Article 7, paragraph 4*), as attached to decision 19/CP.7.

3. The information referred to in paragraph 1 above shall be consistent with the information which is publicly accessible through the national registry of the Party in accordance with paragraphs 44 and 47 of the modalities for the accounting of assigned amounts under Article 7, paragraph 4 (decision -/CMP.1 (*Modalities for the accounting of assigned amounts under Article 7, paragraph 4*)).

II. REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7, PARAGRAPH 2

National registries

4. Each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol shall provide a description of its national registry. The description shall include the following information:

- (a) The name and contact information of the registry administrator designated by the Party to maintain the national registry;
- (b) Any other Party with which the Party cooperates by maintaining their respective national registries in a consolidated system;
- (c) A description of the database structure used in the national registry;
- (d) A description of how the national registry conforms to the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log (decision 19/CP.7, paragraph 1), including:¹⁰
 - (i) A description of the formats used in the national registry for account numbers, serial numbers for ERUs, CERs, AAUs and RMUs, including project identifiers and transaction numbers;
 - (ii) A list, and the electronic format, of the information transmitted electronically when transferring ERUs, CERs, AAUs and/or RMUs to other registries;
 - (iii) A list, and the electronic format, of the information transmitted electronically when acquiring ERUs, CERs, AAUs and/or RMUs from other national registries or the CDM registry;
 - (iv) A list, and the electronic format, of the information transmitted electronically from the national registry to the independent transaction log when issuing, transferring, acquiring, cancelling and retiring ERUs, CERs, AAUs and/or RMUs;
 - (v) An explanation of the procedures employed in the national registry to prevent discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and/or RMUs;
 - (vi) An overview of security measures employed in the national registry to deter unauthorized manipulations and to minimize operator error;

¹⁰ As a consequence of the ongoing consideration of the technical standards by the SBSTA, additional information to that referred to in subparagraphs (i) – (vi) may need to be reported. This information, if any, may be incorporated in the corresponding decision by the COP when consideration of the technical standards has been completed.

(e) A list of the information publicly accessible by means of the user interface to the national registry;

(f) An explanation of how to access information by means of the user interface to the national registry.

ANNEX II

PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS

A. Purpose

1. The purpose of this review is to ensure that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) and the Compliance Committee have adequate information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs.

B. General procedures

2. The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs, shall take place in two parts:

(a) A thorough review of the calculation of assigned amounts pursuant to Article 3, paragraphs 7 and 8, as part of the review prior to the commitment period and its in-country visit;

(b) A desk or centralized review of the information reported in accordance with section I.E, "Information on emission reduction units, certified emission reductions, assigned amount units and removal units", of the guidelines for the preparation of information under Article 7 (decision 22/CP.7), conducted in conjunction with the annual inventory review.

C. Scope of the review

3. The review of information on assigned amounts shall cover the calculation by each Party included in Annex I of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and the information reported in accordance with section I.E, "Information on emission reduction units, certified emission reductions, assigned amount units and removal units", of the guidelines for the preparation of information under Article 7 (decision 22/CP.7).

1. Identification of problems

4. The expert review team shall:

(a) Check whether information is complete and submitted in accordance with section I of the guidelines for the preparation of information required under Article 7, and relevant decisions of the COP and the COP/MOP;

(b) Check that the assigned amount pursuant to Article 3, paragraphs 7 and 8, is calculated in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, is consistent with reviewed and adjusted inventory estimates, is consistent with information submitted in previous years and is issued into the national registry in conformity with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

(c) Check that ERUs, CERs, AAUs and RMUs are issued and cancelled in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, and are consistent with reviewed and adjusted inventory estimates;

(d) Cross-check the information on transfers and acquisitions, including for the purposes of cancelling and retiring, as well as on carry-overs to the subsequent commitment period, and highlight any discrepancies;

(e) Check that the required level of the commitment period reserve, as reported, is calculated in accordance with decision 18/CP.7;

(f) Check that the required level of the commitment period reserve has not been infringed upon at any time.

D. Timing

5. During the review, the expert review team shall identify problems and notify the Party of them. The Party included in Annex I may correct the problems or provide additional information within the time frame set out in the guidelines (paragraphs 72 to 78), contained in the annex to decision -/CMP.1 (Article 8).

E. Reporting

6. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) of the annex to decision -/CMP.1 (Article 8):

(a) Identification of problems according to the categories listed in paragraph 4 of this annex;

(b) For each problem, a quantitative indication of the magnitude of the part of the assigned amount affected by the problem expressed as a percentage of the assigned amount pursuant to Article 3, paragraphs 7 and 8.

PART V: REVIEW OF NATIONAL REGISTRIES

A. Purpose

7. The purpose of the review of national registries is:

(a) To provide a thorough and comprehensive technical assessment of the capacity of a national registry;

(b) To assess the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under Article 7, paragraph 4, have been adhered to and to assist Parties included in Annex I in meeting their commitments;

(c) To provide the COP/MOP and the Compliance Committee with reliable information on national registries.

B. General procedures

8. The review of national registries shall take place in two parts:

(a) A thorough review of the national registry, as part of the review prior to the commitment period and its in-country visit;

(b) A desk or centralized review of any reported changes in the national registry reported since the first thorough review, conducted in conjunction with the annual inventory review.

C. Scope of the review

1. In-country review

9. The expert review team shall conduct a thorough and comprehensive review of the national registry of each Party included in Annex I. The review of the national registry should cover the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under Article 7, paragraph 4, and the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log, have been adhered to.

2. Review of changes in the national registry

10. Any significant changes in the national registry reported by Parties included in Annex I, or identified by the expert review team during the in-country visit, which may affect the performance of the registry should be reviewed annually in conjunction with the annual inventory review.

3. Identification of problems

11. The expert review team shall, *inter alia*:

(a) Check whether information on national registries is complete and submitted in accordance with section I of the guidelines for the preparation of information required under Article 7, and with relevant decisions of the COP and the COP/MOP;

(b) Check whether the registry conforms to the technical standards for the purpose of ensuring accurate, transparent and efficient exchange of data between national registries, the clean development registry and the independent transaction log;

(c) Check whether the issuance and cancellation of units is in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

(d) Check whether the transaction procedures, including those relating to the transaction log, are in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

(e) Check the procedures to prevent discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs;

(f) Check the security measures to deter unauthorized manipulations and minimize operator error;

(g) Check that information is publicly available in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4.

D. Timing

12. During the process of the in-country visit, the expert review team shall list all the problems identified and shall notify the Party included in Annex I of the problems identified no later than six weeks after the visit. The Party included in Annex I shall comment on these problems within six weeks of the notification. The expert review team shall prepare a draft of a review report on the national registry within six weeks of the receipt of the comments on the questions posed. Any corrections,

additional information or comments on the draft report received from the Party included in Annex I within four weeks after the report has been sent to that Party shall be subject to review and shall be included in the final inventory review report. The expert review team shall prepare a final report on the review of the national registry within four weeks of the receipt of the comments on the draft report. The review of the national registry shall be concluded within one year of the date of submission of the information.

13. The review of changes in the national registry shall follow the timetable for the review of annual inventories defined in part II of these guidelines. If either the annual inventory review or the review of changes in the national registry recommends an in-depth review of the national registry, the inventory review of national registries should be conducted, together with the subsequent in-country review of either the annual inventory or the periodic national communication, whichever is the earlier.

E. Reporting

14. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b) of the annex to decision -/CMP.1 (*Article 8*):

- (a) Identification of problems according to the categories listed in paragraph 11 above;
- (b) An evaluation of the overall functioning of the national registry.
